

Message Text

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ORIGIN EUR-06

INFO OCT-01 ISO-00 /007 R

66604

DRAFTED BY EUR/RPE:JTMCCARTHY

9/7/73 EXT. 21606

APPROVED BY EUR/RPE:AALBRECHT

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R 071824Z SEP 73

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS STATE 178085

FOLLOWING SENT SECSTATE WASHDC INFO USUN NEW YORK FROM ROME
06 SEP 73:

QUOTE UNCLAS ROME 9194

FODAG

E.O. 11652: N/A

TAGS: FAO, EAGR, EAID

SUBJ: UN/FAO WORLD FOOD PROGRAM RESOURCES

1. SUMMARY: WFP EXECUTIVE DIRECTOR REQUESTED WASHINGTON
BE ADVISED RE RECENT LETTERS SENT UN SYG AND UN RES REPS
WITH REGARD IMPACT ON WFP OF CRITICAL SHORTAGE FOODSTUFFS
AND RISING COSTS. CONDITIONS HAVE FORCED HALT FINAL
SIGNATURE ADDITIONAL PROJECTS AND PROMPTED OVERALL POLICY
STUDY PRIOR OCTOBER 3-9 MEETING IGC. COPIES LETTERS SENT
DEPARTMENT AND USUN. END SUMMARY.

2. WFP EXECUTIVE DIRECTOR AQUINO HAS ASKED WASHINGTON BE
INFORMED RE SEPARATE LETTERS HE SENT SYG WALDHEIM AND THE
UN RES REPS ON SEPT. 3. COPIES FULL TEXTS POUCHED MILLS
IO/AGR AND KITCHEN USUN. BOTH MESSAGES CONCERN SHORTAGE
FOODSTUFFS, ESPECIALLY CEREAL BASED PRODUCTS, LIMITED
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DAIRY PRODUCTS AND UNPRECEDENTED COST INCREASES.

3. LETTER WALDHEIM NOTES THAT WHILE JUNE 1973 RESOURCE ESTIMATES FORESAW WFP BEING ABLE MEET EXISTING OBLIGATIONS TO END 1974 (940,000 MT FOODSTUFFS) AND UNDERTAKE NEW OBLIGATIONS AROUND 270,000 MT, THESE ANTICIPATED RESOURCES AT END AUGUST IN QUANTITATIVE TERMS WERE SHRUNK TO 490,000 MT OF ASSURED SUPPLIES WITH REASONABLE PROSPECT OF ADDITIONAL 165,000 MT. THUS, AN EXISTING OBLIGATION NOW FORESEEN DEFICIT OF 285,000 MT. MESSAGE EMPHASIZES THAT APART FROM \$3.4 MILLION REMAINING UNCOMMITTED FROM 1973 EMERGENCY ALLOCATION AND STATUTORY SET ASIDE \$10 MILLION IN 1974, OBLIGATIONS MENTIONED CONTAIN NO OTHER PROVISION FOR EMERGENCIES AND NOTHING FOR NEW DEVELOPMENT PROJECTS THROUGH 1974. ADDITIONALLY, RES REPS HAVE BEEN ASKED POSTPONE SIGNATURE ALREADY APPROVED PROJECTS AND EXECUTIVE DIRECTOR PREPARING ALTERNATIVE PROPOSALS FOR IGC (OCT. 3-9) IN ORDER GAIN MAXIMUM BENEFIT FROM LIMITED RESOURCES.

4. IN LETTER RES REPS, AQUINO NOTES U.S. JULY 1 TEMPORARY HALT PL 480 PROCUREMENT AND FACT THAT, EVEN IF PROCUREMENT REACTIVATED SEPTEMBER, DELIVERIES CANNOT BE EXPECTED PRIOR FIRST QUARTER 1974. ANTICIPATES LEVEL OF PROCUREMENT FIRST HALF 1974 WILL NOT APPROACH RATE PRIOR TO FINAL QUARTER FY 1972-73. EVEN IF U.S. ABLE DELIVER SAME COMMODITIES, IN DOLLAR VALUE, AS IN 1972, THIS WOULD BE ABOUT 38 PERCENT REDUCTION IN QUANTITATIVE TERMS AS RESULT 1973 PRICE INCREASES. IMPACT CRITICAL BECAUSE 40 PERCENT COMMODITIES AND BULK CEREALS, VEG OIL AND CEREAL-BASED PRODUCTS COME FROM U.S. WORLDWIDE PRICE INCREASES ALSO HAVE REDUCED QUANTITIES AVAILABLE FROM OTHER DONORS AND THROUGH CASH PURCHASES. CITES TRANSPORTATION COST LIMITATIONS ON USING AVAILABLE FAC CEREALS WORLDWIDE BASIS. RES REPS LETTER THEN COVERS POSTPONEMENT SIGNATURE ON ADDITIONAL PROJECT AGREEMENTS AND ASSURES FULLEST REVIEW BEFORE AND DURING IGC. VOLPE UNQUOTE RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE178085
Document Source: CORE
Document Unique ID: 00
Drafter: JTMCCARTHY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730948/aaaabjbn.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by reddocgw>; APPROVED <08 MAR 2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UN/FAO WORLD FOOD PROGRAM RESOURCES
TAGS: EAGR, EAID, FAO
To: EC BRUSSELS OECD PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005